

# Idaho Grain Market Report, September 22, 2011

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, September 21, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>	<u>Wheat (bu.)</u>			
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$13.00 (6-R) \$13.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$6.10	\$6.49	\$8.09
Idaho Falls	\$10.00	(2-R) \$13.02-\$13.75 (6-R) \$13.02	\$6.20	\$6.65	\$8.40
Blackfoot / Pocatello	\$11.66	(2-R) \$13.00 (6-R) \$13.00	\$6.20	\$6.45	\$7.97
Grace / Soda Springs	\$12.00	(2-R) NQ (6-R) NQ	NQ	\$6.50	\$8.22
Burley / Rupert Hazelton	\$11.00-\$12.00	(2-R) \$13.02 (6-R) \$13.02	\$6.40-\$6.60	\$6.43	\$8.03
Twin Falls / Eden / Buhl	\$12.75-\$13.00	(2-R) NQ (6-R) NQ	\$6.20	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Nez Perce / Craigmont	\$10.00	(2-R) \$10.00 (6-R) \$10.00	\$5.97	\$7.49	\$9.14
Lewiston	\$10.25	(2-R) \$10.25 (6-R) \$10.25	\$6.16	\$7.68	\$9.33
Moscow / Genesee	\$10.05-\$11.00	(2-R) \$10.05 (6-R) \$10.05	\$5.93-\$6.60	\$7.45-\$8.10	\$9.10-\$9.64

### Trading Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Sept \$6.50-\$6.65 Jan \$6.70-\$6.85	Sept \$8.01-\$8.16	Sept \$9.36-\$9.61
Los Angeles	NQ	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	NQ	NQ	NQ	NQ	NQ	NQ
Ogden	\$12.10	NQ	NQ	\$6.55	\$6.65	\$8.30
Great Falls	\$10.00-\$11.00	NQ	\$13.50	NQ	\$5.68-\$6.02	\$8.00-\$8.44
Minneapolis	\$10.62	NQ	\$15.83	NQ	\$8.18 ½ (12%)	\$9.30 ½ - \$9.50 ½

### Market trends this week

**BARLEY** – Local barley prices were lower, ranging from \$.10 to \$2.00 lower in southern Idaho and \$.35 lower in northern Idaho. USDA reported that barley export sales last week totaled .1 TMT for Taiwan. There were no barley export shipments reported for last week.

**WHEAT** – Local wheat prices were mostly lower this week: SWW ranged from 10 to 35 cents lower; HRW ranged from 13 to 30 cents lower; and DNS ranged from 26 cents lower to 9 cents higher. USDA reported wheat export sales last week were above trade expectations at 679.5 TMT, up 64% from the previous week and 66% from the 4-week average. Export shipments totaled 886.1 TMT, up 88% from the previous week and 63% from the 4-week average.

**Wheat Competitor/Buyer News** – Egypt purchased 240 TMT of Russian wheat this week. Argentina is pegging their 2011/12 wheat crop at 11-13 MMT

**CORN** – Corn export sales last week were on the low end of trade expectations at 598.1 TMT for MY 2011/12. Corn export shipments last week totaled 627.4 TMT.

**Ethanol corn usage** – DOE's Energy Information Agency reported a noticeable slide in U.S. ethanol production last week due to reduced margins, totaling 871,000 bbls, down 0.91% from the previous week but up 2.47% from last year. Corn used for ethanol last week totaled 92.78 million bu, which is below the pace needed to reach USDA's usage estimate of 5.0 billion bushels for the year.

**Corn Competitor/Buyer News** – There were rumors of fresh Chinese corn import purchases early this week but no actual confirmation. Meanwhile China announced they would release 4.7 MMT of corn from their own reserves which are believed to be dwindling.

### Futures market activity this week

**Macroeconomic Outlook...** Investor nervousness remained on high alert this week as global economic projections continue to decline, triggering the biggest two day decline on Wall Street since 2008. A worsening economic outlook was confirmed by the Federal Reserve who issued its monthly policy statement on Wednesday afternoon that emphasized "significant downside risks" to the U.S. economy. Meanwhile, Moody's cut the credit rating of three major U.S. banks and August housing starts declined to a 3-month low. The International Monetary Fund released its latest global economic projections...cutting its 2011 global economic growth forecast to 1.5% from their June forecast of 2.5%

**WHEAT** – Wheat began the week down double digits on liquidation selling pressure triggered by weakness in other commodity and outside markets. Better than expected rains in parts of the Eastern Plains also provided pressure. Wheat turned modestly higher on Tuesday but still well off the overnight highs on expectations of the Federal Reserve announcement on another round of quantitative easing. Wheat prices finished lower again on Wednesday in the face of strong headwinds created by investor panic and continued to be pounded today (Thursday) under pressure from a massive investor sell off and surge in the U.S. dollar. **Wheat market closes on Thursday, 09/22/11...**

	<b>Dec 2011</b>	<b>Weekly Summary</b>	<b>Mar 2012</b>	<b>Weekly Summary</b>
Chicago	<b>\$6.33</b> ¾	<b>Down \$0.54</b> ½	<b>\$6.67</b> ¼	<b>Down \$0.59</b> ½
Kansas City	<b>\$7.21</b>	<b>Down \$0.63</b>	<b>\$7.35</b> ½	<b>Down \$0.53</b> ¼
Minneapolis DNS	<b>\$8.20</b>	<b>Down \$0.36</b> ¼	<b>\$8.12</b>	<b>Down \$0.40</b> ¼

**CORN** – Corn markets managed to post fractional gains on Monday despite strong pressure from weak outside markets, including a higher dollar and sharply lower energies. Gains were limited by fund selling prompted by disappointing weekly export inspections, future demand worries and seasonal harvest hedging. Tuesday saw continued selling pressure with corn chopping modestly lower on an expected sluggish demand pace and lack of confirmation of rumored Chinese corn purchases. Underlying support was noted from a strong turnaround in energies and equities. Wednesday saw a solid start to the trading session but then eroded into the close on active fund liquidations which continue to be triggered by macro-economic fears. Corn posted sharp losses today (Thursday), slammed hard by follow-through aggressive fund selling on sharp losses in global equities and energies. **Dec 2011 corn futures contract closed Thursday, 09/22/11, at \$6.50, down \$0.42 and the Mar 2012 contract closed at \$6.63, down \$.42 ½ for the week.**

#### OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL – High volatility remains the watchword for crude oil futures, gyrating in tandem with the dollar and investor fears.** Prices opened the week down \$2.26 to \$85.70/bbl on concern about a lack of resolution to the ongoing European debt crisis and fear of slowing global economy. Tuesday saw an impressive turnaround – closing up \$1.19 to \$86.89/bbl – on optimism that the Federal Reserve will embark on another round of stimulus. But then prices closed sharply lower on Wednesday – down \$1.00 – despite a much bigger than expected decline in the weekly crude oil inventory. The weekly petroleum stocks fell by 7.33 million bbls (the biggest weekly drop since December), compared to an expected decline of 1.3 million bbls; distillates fell by 874,000 bbls, compared to an expected build of 1.0 million bbls; while gasoline stocks increased by a surprising 3.3 million, compared to an expected build of 1.35 million bbls. **Crude oil prices fell hard today (Thursday) – closing down \$5.41 to \$80.51 -- under pressure from a surge in the US dollar and expanding economic fears.**

▪ **U.S. WEATHER / CROP WATCH** – A cold front brought scattered showers to the northwestern corn belt early in the week, moving eastward by the end of the week. However, harvest interruptions were minimal and conditions are expected to be dry and warm in the coming 8-15 days, accelerating crop maturation and harvest. **Central/Southern Plains winter wheat region**– showers last weekend brought beneficial moisture to parts of the Eastern Plains, allowing the winter wheat planting pace to pick up. **However, much of the Southern Plains region remains excessively dry, causing planting delays and germination problems for about half of the HRW wheat belt.**

#### ▪ INTERNATIONAL WEATHER / CROP WATCH -

- **Canada** – Rains covered parts of southern Manitoba and southeastern Saskatchewan early this week interrupting harvest, but then conditions turned warmer and drier for the balance of the week, allowing harvest to resume. Harvest pace is running ahead of normal pace.
- **Ukraine** – There are increasing concerns that about 60% of the winter wheat belt remains too dry for planting and germination and the planting window is rapidly closing.
- **Argentina** – Western grain belt fringes received some scattered showers this week but then conditions turned warmer and drier, causing yield concerns for about 30% of the grain belt.
- **Australia** – Southeastern region could see beneficial showers early next week, but overall dryness concerns continue for about 40% of the country's winter grain belt.

**USDA Crop Progress / Condition Report, September 19, 2011**

<b>Crop</b>	<b>% Progress</b>	<b>Previous Week</b>	<b>Previous Year</b>	<b>5-Year Average</b>	<b>Condition rating % good/excellent</b>	<b>Previous Week</b>	<b>Previous Year</b>
U.S. barley	94% harvested	85%	85%	93%			
<b>ID barley</b>	<b>95% harvested</b>	<b>82%</b>	<b>83%</b>	<b>92%</b>			
U.S. spring wheat	93% harvested	83%	86%	92%			
<b>ID spring wheat</b>	<b>95% harvested</b>	<b>85%</b>	<b>83%</b>	<b>94%</b>			
U.S. winter wheat	14% planted	6%	19%	20%			
<b>ID winter wheat</b>	<b>16% planted</b>	<b>5%</b>	<b>20%</b>	<b>24%</b>			
Corn	92% dented 46% mature 10% harvested	84%  29%  NA	97%  67%  18%	91%  48%  11%	51%	53%	68%

**<https://connect.cals.uidaho.edu/p53192408/>** Grain Market Outlook Webinar conducted on Sept. 7 is available for download at